

AMENDED IN ASSEMBLY MAY 28, 1999

AMENDED IN ASSEMBLY APRIL 8, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 398

Introduced by Assembly Member Migden
(Coauthors: Assembly Members Lowenthal, Shelley,
Torlakson, and Villaraigosa)

February 12, 1999

An act to amend Sections 50661 and 50740 of, and to add Part 11 (commencing with Section 53500) to Division 31 of, the Health and Safety Code, relating to financing housing programs by providing the funds necessary therefor through the issuance and sale of bonds of the State of California and by providing for the handling and disposition of those funds.

LEGISLATIVE COUNSEL'S DIGEST

AB 398, as amended, Migden. Housing Bond Act of 2000.

Under existing law, there are programs providing assistance for the rehabilitation of existing housing, the development of, and assistance for, low-income rental housing, the construction or rehabilitation of farmworker housing, and assistance for first-time homebuyers.

This bill would enact the Housing Bond Act of 2000 which, if adopted, would authorize, for purposes of financing those existing housing programs and for additional specified housing purposes, the issuance of bonds in an amount up to

\$750,000,000 pursuant to the State General Obligation Bond Law.

The bill would provide that notwithstanding any other provision of the bill, no fund shall be created and no bonds shall be issued or sold pursuant to the bill, no appropriation shall be made in the bill for any purpose, no portion of the bill shall be submitted to the voters, and nothing in the bill shall create any debt or liability of the state.

Vote: $\frac{2}{3}$ majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 50661 of the Health and Safety
2 Code is amended to read:

3 50661. (a) The Housing Rehabilitation Loan Fund is
4 hereby renamed the Housing Rehabilitation Loan
5 Account in the Rental Housing Program Fund which is
6 established pursuant to Section 53535. Any reference in
7 statute to the Housing Rehabilitation Loan Fund shall be
8 deemed to refer to the Housing Rehabilitation Loan
9 Account. All interest or other increments resulting from
10 the investment of moneys in the Housing Rehabilitation
11 Loan Account shall be deposited in the account,
12 notwithstanding Section 16305.7 of the Government
13 Code. Notwithstanding Section 13340 of the Government
14 Code, all money in the account is continuously
15 appropriated to the department for the following
16 purposes:

17 (1) For making deferred-payment rehabilitation loans
18 for financing all or a portion of the cost of rehabilitating
19 existing housing to meet rehabilitation standards as
20 provided in this chapter.

21 (2) For making deferred payment loans as provided in
22 Sections 50668.5, 50669, and 50670.

23 (3) For making deferred payment loans pursuant to
24 Sections 50662.5 and 50671.

25 (4) Subject to the restrictions of Section 53131, if
26 applicable, for administrative expenses of the
27 department made pursuant to this chapter, Article 3

(commencing with Section 50693) of Chapter 7.5, and Chapter 10 (commencing with Section 50775).

(5) For related administrative costs of nonprofit corporations and local public entities contracting with the department pursuant to Section 50663 in an amount, if any, as determined by the department, to enable the entities and corporations to implement a program pursuant to this chapter. The department shall ensure that not less than 20 percent of the funds loaned pursuant to this chapter shall be allocated to rural areas. For purposes of this chapter “rural area” shall have the same meaning as in Section 50199.21.

(b) There shall be paid into the account the following:

(1) Any moneys appropriated and made available by the Legislature for purposes of the account.

(2) Any moneys that the department receives in repayment of loans made from the account, including any interest thereon.

(3) Any other moneys that may be made available to the department for the purposes of this chapter from any other source or sources.

(4) Moneys transferred or deposited to the account pursuant to Sections 50661.5 and 50778.

(c) Notwithstanding any other provision of law, any interest or other increment earned by the investment or deposit of moneys appropriated by subdivision (b) of Section 3 of Chapter 2 of the Statutes of the 1987–88 First Extraordinary Session, or Section 7 of Chapter 4 of the Statutes of the 1987–88 First Extraordinary Session, shall be deposited in a special subaccount in the Housing Rehabilitation Loan Account and shall be used exclusively for purposes of Sections 50662.5 and 50671.

(d) Notwithstanding any other provision of law, effective with the date of the act adding this subdivision, appropriations authorized by the Budget Act of 1996 for support of the Department of Housing and Community Development from the California Disaster Housing Repair Fund and the California Homeownership Assistance Fund shall instead be authorized for

1 expenditure from the Housing Rehabilitation Loan
2 Account.

3 SEC. 2. Section 50740 of the Health and Safety Code
4 is amended to read:

5 50740. (a) The Rental Housing Construction Fund is
6 hereby renamed the Rental Housing Construction
7 Account in the Rental Housing Program Fund which is
8 established pursuant to Section 53535. Any reference in
9 a statute to the Rental Housing Construction Fund shall
10 be deemed to refer to the Rental Housing Construction
11 Account, and a reference to any account in the Rental
12 Housing Construction Fund shall be deemed a reference
13 to a subaccount in the Rental Housing Construction
14 Account. Notwithstanding Section 13340 of the
15 Government Code, all money in the account is hereby
16 continuously appropriated to the Department of Housing
17 and Community Development, and, except as provided
18 in subdivisions (b) and (c), shall be utilized for purposes
19 of this chapter and for the purposes of Section 50775.5,
20 Chapter 3.2 (commencing with Section 50517.5),
21 Chapter 3.5 (commencing with Section 50530), and
22 Chapter 15 (commencing with Section 50880). All
23 interest or other increment resulting from investment or
24 deposit of moneys in the account shall be deposited in the
25 account, notwithstanding Section 16305.7 of the
26 Government Code. Moneys in the account shall not be
27 subject to transfer to any fund other than the Rental
28 Housing Program Fund pursuant to Part 2 (commencing
29 with Section 16300) of Division 4 of Title 2 of the
30 Government Code, except the Surplus Money
31 Investment Fund.

32 (b) Money from the fund utilized by the agency for
33 development costs that was repaid to the agency or
34 disencumbered between June 30, 1982, and June 30, 1983,
35 and any additional funds or interest that is available for
36 encumbrance on June 30, 1983, shall be deposited in a
37 separate subaccount in the account and utilized as
38 follows:

39 (1) Eight million one hundred thousand dollars
40 (\$8,100,000) shall be utilized by the agency for activities

1 authorized by Article 4.5 (commencing with Section
2 51180) of Chapter 5 of Part 3.

3 (2) Five hundred thousand dollars (\$500,000) shall be
4 transferred by the agency to the department for deposit
5 in the Rural Community Facility Grant Fund, established
6 pursuant to Section 6125, and utilized to carry out the
7 program established by Chapter 11 (commencing with
8 Section 6120) of Part 3 of Division 5.

9 (3) Three million dollars (\$3,000,000) shall be
10 transferred by the agency to the department and
11 deposited in the Housing Rehabilitation Loan Fund,
12 established pursuant to Section 50661, and utilized for
13 making deferred payment loans for residential hotels as
14 authorized by subdivision (b) of Section 50661 and for
15 purposes of subdivision (c) of Section 50661.

16 (4) One million seven hundred thousand dollars
17 (\$1,700,000) shall be transferred by the agency to the
18 department for deposit in the Emergency Housing and
19 Assistance Fund, established pursuant to Section 50800.

20 (5) Two million five hundred thousand dollars
21 (\$2,500,000) shall be transferred by the agency to the
22 Trustees of the California State University for deposit in
23 the Affordable Student Housing Revolving Fund,
24 established pursuant to Section 90087 of the Education
25 Code, and utilized to carry out the program established
26 by Article 3 (commencing with Section 90085) of Chapter
27 8 of Part 55 of the Education Code.

28 (6) Three hundred thousand dollars (\$300,000) shall
29 be transferred by the agency to the department and
30 utilized to carry out the program established by Chapter
31 3.6 (commencing with Section 50533).

32 (7) Four million two hundred thousand dollars
33 (\$4,200,000) shall be transferred by the agency to the
34 department for deposit in the annuity fund, established
35 pursuant to Section 50738.5, and utilized for the purposes
36 authorized by that section.

37 (c) An amount not to exceed four million dollars
38 (\$4,000,000) of the moneys from the account utilized by
39 the agency for development costs which is repaid to the
40 agency or disencumbered on or after July 1, 1983, shall be

1 deposited in the separate subaccount established
2 pursuant to subdivision (b) and utilized and apportioned
3 in accordance with the following percentages as it
4 becomes available:

5 (1) Fifty percent of the moneys shall be transferred by
6 the agency to the department and deposited in the
7 Housing Rehabilitation Loan Account, established
8 pursuant to Section 50661, and utilized for the purposes
9 specified in paragraph (3) of subdivision (b).

10 (2) Twenty-five percent of the moneys shall be
11 transferred by the agency to the department for deposit
12 in the Emergency Housing and Assistance Fund,
13 established pursuant to Section 50800, and utilized for the
14 purposes specified in paragraph (4) of subdivision (b).

15 (3) Twenty-five percent of the moneys shall be
16 transferred by the agency to the department for deposit
17 in the annuity fund, established pursuant to Section
18 50738.5, and utilized for the purposes specified in
19 paragraph (7) of subdivision (b).

20 (d) Notwithstanding any other provision of law,
21 effective with the date of the act adding this subdivision,
22 appropriations authorized for support of the department
23 from the Family Housing Demonstration Account and
24 the Urban Predevelopment Loan Fund shall instead be
25 authorized for expenditure from the Rental Housing
26 Construction Account.

27 SEC. 3. Part 11 (commencing with Section 53500) is
28 added to Division 31 of the Health and Safety Code, to
29 read:

30
31 PART 11. HOUSING BOND ACT OF 2000

32
33 CHAPTER 1. GENERAL PROVISIONS

34
35 53500. This part shall be known and may be cited as
36 the Housing Bond Act of 2000.

37 53501. As used in this part, the following terms have
38 the following meanings:

39 (a) "Committee" means the Housing ~~and Homeless~~
40 Finance Committee created pursuant to Section 53524.

(b) “Fund” means the Home Building and Rehabilitation Fund created pursuant to Section 53520.

CHAPTER 2. HOME BUILDING AND REHABILITATION FUND

53520. The proceeds of bonds issued and sold pursuant to this part shall be deposited in the Home Building and Rehabilitation Fund, which is hereby created. Moneys in the fund shall be allocated and utilized in accordance with Chapter 4 (commencing with Section 53533).

CHAPTER 3. FISCAL PROVISIONS

53521. Bonds in the total amount of seven hundred fifty million dollars (\$750,000,000), or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this part and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.

53522. Any bonds issued and sold pursuant to this part may be refunded by the issuance of refunding bonds in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 2 of Title 2 of the Government Code. Approval by the electors of the state for the issuance of these bonds shall include the approval of the issuance of any bonds issued to refund any bonds originally issued or any previously issued refunding bonds.

53523. The bonds authorized by this part shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of

1 the provisions of that law apply to the bonds and to this
2 part and are hereby incorporated in this part as though
3 set forth in full in this part.

4 53524. (a) Solely for the purpose of authorizing the
5 issuance and sale, pursuant to the State General
6 Obligation Bond Law, of the bonds authorized by this
7 part, the Housing Finance Committee is hereby created.
8 For purposes of this part, the Housing Finance
9 Committee is “the committee” as that term is used in the
10 State General Obligation Bond Law. The committee
11 consists of the Controller, the Treasurer, the Director of
12 Finance, the Director of the Department of Housing and
13 Community Development, and the Executive Director
14 of the California Housing Finance Agency, or their
15 designated representatives. A majority of the committee
16 may act for the committee.

17 (b) For purposes of the State General Obligation Bond
18 Law, the Department of Housing and Community
19 Development is designated the “board” for programs
20 administered by the department, and the California
21 Housing Finance Agency is the “board” for programs
22 administered by the agency.

23 53525. The committee shall determine whether or
24 not it is necessary or desirable to issue bonds authorized
25 pursuant to this part in order to carry out the actions
26 specified in Chapter 4 (commencing with Section 53533)
27 and, if so, the amount of bonds to be issued and sold.
28 Successive issues of bonds may be authorized and sold to
29 carry out those actions progressively, and it is not
30 necessary that all of the bonds authorized to be issued be
31 sold at any one time.

32 53526. There shall be collected each year and in the
33 same manner and at the same time as other state revenue
34 is collected, in addition to the ordinary revenues of the
35 state, a sum in an amount required to pay the principal
36 of, and interest on, the bonds each year, and it is the duty
37 of all officers charged by law with any duty in regard to
38 the collection of the revenue to do and perform each and
39 every act that is necessary to collect that additional sum.

1 53527. Notwithstanding Section 13340 of the
2 Government Code, there is hereby appropriated from
3 the General Fund in the State Treasury, for the purposes
4 of this part, an amount that will equal the total of the
5 following:

6 (a) The sum annually necessary to pay the principal of,
7 and interest on, bonds issued and sold pursuant to this
8 part, as the principal and interest become due and
9 payable.

10 (b) The sum which is necessary to carry out the
11 provisions of Section 53528, appropriated without regard
12 to fiscal years.

13 53528. For the purposes of carrying out this part, the
14 Director of Finance may authorize the withdrawal from
15 the General Fund of an amount or amounts not to exceed
16 the amount of the unsold bonds that have been
17 authorized by the committee to be sold for the purpose
18 of carrying out this part. Any amounts withdrawn shall be
19 deposited in the fund. Any money made available under
20 this section shall be returned to the General Fund from
21 money received from the sale of bonds for the purpose of
22 carrying out this part.

23 53529. Notwithstanding any other provision of this
24 part, or of the State General Obligation Bond Law
25 (Chapter 4 (commencing with Section 16720) of Part 3 of
26 Division 4 of Title 2 of the Government Code), if the
27 Treasurer sells bonds pursuant to this part that include a
28 bond counsel opinion to the effect that the interest on the
29 bonds is excluded from gross income for federal tax
30 purposes under designated conditions, the Treasurer may
31 maintain separate accounts for the bond proceeds
32 invested and the investment earnings on those proceeds,
33 and may use or direct the use of those proceeds or
34 earnings to pay any rebate, penalty, or other payment
35 required under federal law, or take any other action with
36 respect to the investment and use of those bond proceeds,
37 as may be required or desirable under federal law in
38 order to maintain the tax-exempt status of those bonds
39 and to obtain any other advantage under federal law on
40 behalf of the funds of this state.

1 53530. The board may request the Pooled Money
2 Investment Board to make a loan from the Pooled Money
3 Investment Account, in accordance with Section 16312 of
4 the Government Code, for the purposes of carrying out
5 this part. The amount of the request shall not exceed the
6 amount of unsold bonds that the committee has by
7 resolution authorized to be sold for the purpose of
8 carrying out this part. The board shall execute any
9 documents that are required by the Pooled Money
10 Investment Board to obtain and repay the loan. Any
11 amounts loaned shall be deposited in the fund to be
12 allocated by the board in accordance with this part.

13 53531. All money deposited in the fund that is derived
14 from premium and accrued interest on bonds sold shall
15 be reserved in the fund and shall be available for transfer
16 to the General Fund as a credit to expenditures for bond
17 interest.

18 53532. The Legislature hereby finds and declares that,
19 inasmuch as the proceeds from the sale of bonds
20 authorized by this part are not “proceeds of taxes” as that
21 term is used in Article XIII B of the California
22 Constitution, the disbursement of these proceeds is not
23 subject to the limitations imposed by that article.

24

25 CHAPTER 4. ALLOCATION OF HOUSING BOND REVENUES

26

27 53533. (a) Moneys deposited in the Home Building
28 and Rehabilitation Fund from the sale of bonds pursuant
29 to this part shall be allocated for expenditure in
30 accordance with the following schedule:

31 (1) Five hundred fifty million dollars (\$550,000,000)
32 shall be transferred to the Rental Housing Program Fund
33 to be expended for the construction of new housing and
34 the rehabilitation, ~~preservation, and code enforcement~~
35 *and preservation* of existing multifamily affordable
36 housing units pursuant to Section 53535.

37 (2) One hundred fifty million dollars (\$150,000,000)
38 shall be transferred to the Home Purchase Assistance
39 Fund to be expended for the programs authorized by
40 Chapter 6.8 (commencing with Section 51341) of Part 3.



(3) Fifty million dollars (\$50,000,000) shall be transferred to the department for the Farmworker Housing Grant Program authorized by Chapter 3.2 (commencing with Section 50517.5) of Part 2.

(b) No portion of the moneys allocated pursuant to this section may be expended for project operating costs, except that this section does not preclude expenditures for operating costs from reserves required to be maintained by or on behalf of the project sponsor.

(c) Notwithstanding any other provision of law, a federally recognized California Indian tribe shall be an eligible sponsor for all funding provisions of this part.

CHAPTER 5. THE RENTAL HOUSING PROGRAM FUND

53535. There is hereby created in the State Treasury the Rental Housing Program Fund. This fund shall contain the Housing Rehabilitation Loan Account established in Section 50661 and the Rental Housing Construction Account established in Section 50740. Notwithstanding Section 13340 of the Government Code, all moneys in the Rental Housing Program Fund are continuously appropriated to the department for the purposes of the construction of new housing and for rehabilitation, preservation, and code enforcement, including, but not limited to, the purposes described in Sections 50661 and 50740.

SEC. 4. Section 1 of this act shall take effect upon the adoption by the voters of the Housing Bond Act of 2000, as set forth in Section 1 of this act.

SEC. 5. Section 1 of this act shall be submitted to the voters at the next statewide election in accordance with provisions of the Government Code and the Elections Code governing the submission of statewide measures to the voters.

SEC. 6. Notwithstanding any other provision of law, all ballots of the election shall have printed thereon and in a square thereof, the words: "Housing Bond Act of 2000," and in the same square under those words, the following in 8-point type: "This act provides for a bond

1 issue of seven hundred fifty million dollars (\$750,000,000)
2 to provide funds for housing programs.” Opposite the
3 square, there shall be left spaces in which the voters may
4 place a cross in the manner required by law to indicate
5 whether they vote for or against the act.

6 Where the voting in the election is done by means of
7 voting machines used pursuant to law in the manner that
8 carries out the intent of this section, the use of the voting
9 machines and the expression of the voters’ choice by
10 means thereof are in compliance with this section.

11 SEC. 7. It is the intent of the Legislature that, to the
12 extent funds authorized by this act are available to local
13 governmental entities, federally recognized California
14 Indian tribes shall also be eligible to apply for those funds,
15 be considered on the merits of the application, and
16 receive and expend those funds.

17 *SEC. 8. Notwithstanding any other provision of this*
18 *act, no fund shall be created and no bonds shall be issued*
19 *or sold pursuant to this act, no appropriation shall be*
20 *made in this act for any purpose, no portion of this act*
21 *shall be submitted to the voters of the State of California,*
22 *and nothing in this act shall create any debt or liability of*
23 *the state.*

